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FOREIGN SERVICE DESPATCH

611.985/11.3061

FROM : Embassy JAKARTA

352
NO

TO : THE DEPARTMENT OF STATE, WASHINGTON.

November 30, 1961

DATE _____

REF : WIROM 1883, June 2

DEC 7 1931

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	ACTION		AGR	COM	FRB	INT	LAB	FAR	TR	XMB						
REC'D	13-13	OTHER	AIR	ARMY	CIA	NAVY	OSD	OCB	USIA							

SUBJECT: Amendment of Agreement II with the International School and Status of
Purchases under that Agreement

The Embassy's telegram 3193 requested Departmental authorization to amend Agreement II, dated June 18, 1959, between the Embassy and the International School Foundation of Djakarta (which awarded the school a grant-in-aid of \$32,500 for the purchase of textbooks and other classroom equipment) in order to make possible a purchase of additional textbooks. Paragraph 5 of Annex I of that Agreement appeared to limit the amount available for textbooks to \$3,000. The reference WTR0M granted the Embassy the requested authorization. The Amendment, in the form of Annex II to the Agreement was executed on June 19, 1961, specifying that \$6,000 would be made available for the purchase of textbooks. A copy of that Annex is enclosed for the Department's records.

The Embassy Budget and Fiscal officer issued a check on August 11, 1961 in the sum of \$6,000 in favor of the International School. This check was endorsed by the school to the International School Foundation of New York and was transmitted to the latter, together with a book order which had been reviewed by the Ambassador, under cover of a letter despatched on August 28, 1961.

In this connection the Department may be interested in knowing that some \$25,000 worth of textbooks and classroom equipment ordered in 1960 with funds provided from this grant-in-aid, are in the possession of the school. Certain circumstances in connection with this order have not, however, been entirely satisfactory. It is understood that this shipment arrived in Tandjung Priok (Jakarta's harbor area) in December 1960 but the school did not become aware of the presence of the shipment until about April or May of this year. Attempts were made to clear this shipment over the period of the next several months but these efforts were frustrated by an Indonesian Government claim for payment of customs duties of the magnitude of Rupiahs 2 million (\$44,000). Finally, about

MR Rutherford; ej

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FORM 6-61 FS-439 GPO 912596

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ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER A. OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

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Authority NND 949629

By Laf NARA Date 8/11/00

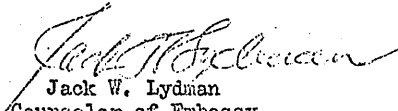
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From Djakarta

two months ago, after placing the matter in the hands of a different freight handling firm, the shipment was released to the School without the payment of any duty although with an implicit understanding (not, however, formally agreed to by the school) that duty might be levied at some subsequent date. The shipment is now stored on a gratis basis in a warehouse provided by the Goodyear Tire and Rubber Company. The shipment has not been opened and the school is reluctant to do so until it has better assurances that wither no customs duty whatsoever will be levied or that a duty at a nominal level will be assessed.

Comment: The Embassy has taken up informally the question of duties on the \$25,000 worth of textbooks and equipment with the head of Indonesian Customs. He has stated that duties less than the Rupiah 2 million originally claimed will be levied only on items which are considered "luxurious" or not in common use in Indonesian schools. The Embassy will continue to press for speedy determination, at the lowest possible rates.

For the Ambassador:


Jack W. Lydman
Counselor of Embassy
for Economic Affairs

Enclosure: Annex II to Agreement II signed June 18, 1959 between the Government of the United States of America and the International School of Djakarta; June 19, 1961 (carbon copy)

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MESSAGE

VIA POUCH

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to the RM/R document files.

INFORMATION AGENCY

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012171

FEB 19 16 51 '62

SENT TO: USIS DJAKARTA

SUBJECT: Informational Media Guaranty (IMG) Program

REFERENCE: FM 21 December 11, 1961
A- June 16 13 22'60

JOINT USIA/STATE

SUMMARY: ATTACHED ARE DRAFTS OF TWO NOTES ATTENDING
THE IMG AGREEMENT TO PROVIDE LESS RESTRICTED USE OF
RUPIAH ACQUIRED UNDER THE PROGRAM

STATE-20
TR
COMM

Attached are drafts of two notes for presentation to the GOI proposing
amendment of the IMG Agreement between the United States and Indonesia.

You will see that we have rearranged your suggested draft to provide
for two notes. This was for the reason that we preferred to keep the
official note as brief as possible, yet include the reasons for requesting
the amendment. This procedure will require two steps in processing.
Step 1, of course, is exchange of the preliminary note and a draft of
official note between the Embassy and the Ministry. Step 2 is exchange
of the official notes. In this regard, when the official notes have been
exchanged (step 2) the Embassy should send to the Department a certified
copy of the U. S. note prepared in accordance with 4FSM326, and the
original of the Indonesian note.

FYI there is one point regarding the official note that is not
completely clear. It is whether or not the rupiahs accumulated prior to
date the amendment would go into effect would be available for adminis-
trative expenses. From the present wording it appears that this is the

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Drafted by:
ICS/M: JEBank 2/9/62

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APPROVED BY: ICS - R. M. Boers

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CONTINUATION SHEET

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intent, and, obviously, we would prefer that such currency be included; however, we would not want the amendment negotiations to bog down on this issue. If this should prove to be a stumbling block, you are authorized to limit the amendment to currencies acquired after the date the amendment goes into effect.

If the previously accumulated currencies are not to be included, you may wish to give consideration soon to the development of projects to utilize the blocked rupiahs on hand at the time the amendment takes effect. For your information and possible future consideration, we refer you to A- June 16 13 22'60 which provides complete information on initial procedures to make use of blocked IMG funds.

We request that you cable USIA as step 1 and step 2 take place. Also, we would appreciate being informed of any other developments in the amendment process.

~~XXXXXXXX~~ WILSON, Acting

Attachment:

Note drafts to GOI
proposing amendment of
IMG Agreement

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